

Summary of Changes for 2022 Qualified Allocation Plan *1st Draft*

Minor formatting, wording, or grammatical changes are not identified in this list or redlined in the draft QAP. In addition to the items below, website links referenced in the QAP have been validated and updated where appropriate.

NOTE: Due to uncertainty with COVID-19, IHCD proposes that the 2022 QAP will be a one-year QAP to allow additional changes, as needed, after the 2022 round. IHCD would intend to return to a two-year QAP for 2023-2024.

Section 4: Set-Aside Categories

- Removed Stellar Community Designation set-aside
- Removed Workforce Housing set-aside
- Increased Large City, Small City, and Rural development location set-asides from 10% each to 15% each
- Increased Qualified Not-for-Profit set-aside to 15%
- 4.2 Community Integration: Removed requirement that all Community Integration units must be designated below 30% rent
- 4.2 Community Integration: Provided miscellaneous clarifications from previous QAP FAQ-qualifying household member does not have to be the head of household, units must float, etc.
- 4.4 Preservation: IHCD will not allow changes to the minimum set-aside or release the current recorded extended use agreement if preserving an existing RHTC project
- 4.4 Preservation: Updated required documentation. If the preservation activity is preservation of an existing LIHTC property, the Applicant does not need to submit the existing extended use agreement to IHCD.
- 4.5 Housing First: Developments subject to the Housing First set-aside must meet the accessibility requirements of Part 5.4C of the QAP
- 4.6 General: The 2022 General Set-aside will be allocated in the same manner as the 2021 General Set-aside. There will not be a special initiative for 2022.

Section 5: Threshold Requirements

- 5.1(D): Clarified that market study provider must be approved to conduct market studies for the type of project proposed
- 5.1(H)(1): Application fees must be paid through IHCD's online payment portal
- 5.1(H)(4)(a): Clarified lender letter of interest is required for each primary source of construction and permanent financing, including bank financing
- 5.1(H)(4)(d): Added required documentation when equity is listed as a source during construction
- 5.1(H)(P): Clarified when an appraisal is required for a development with Project Based Vouchers
- 5.1K: The disinterested third-party conducting the Environmental Phase I does not have to be specifically hired by the Applicant

- 5.2: Clarification on issuance of technical corrections. A separate technical correction will be issued for each item outside of underwriting guidelines that does not include an explanation and supporting documentation.
- 5.2(B): Vacancy rate cannot exceed 7% for developments with Project Based Vouchers in order to comply with HUD subsidy layering requirements
- 5.2(B): Vacancy rate for assisted living developments must be underwritten at 10-12%
- 5.2(G): Service reserves are allowed, but not required, for Community Integration developments
- 5.2(I): Clarified that IHCDCA calculates DCR before payment of deferred developer fee
- 5.3(F): Added instructions for the calculation of hard cost contingency and soft cost contingency
- 5.4(A)(6): Added requirement for magnetic hold-open devices on common laundry facility fire doors
- 5.4(B)(4): Deleted requirement for attic insulation of R-38 or better
- 5.4(C): Accessibility requirements for age-restricted developments also apply to Housing First set-aside developments
- 5.4(E): Added cordless window blinds to Column 2 of the universal design chart
- 5.7: Clarified what constitutes a technical correction related to supplemental funding requests

Section 6: Scoring Criteria

- Total number of points possible decreased from 148 to 144
- 6.1: IHCDCA will not allow changes to the minimum set-aside if preserving an existing RHTC project
- 6.1: Rents Charged- removed reference to workforce housing set-aside
- 6.1: Rents Charged- removed note that all Community Integration units must be designated below 30% rent (consistent with change from Part 4.2)
- 6.2(B): Accessible or Adaptable Units- changed scoring chart by removing the lowest previous option
- 6.2(F): Preservation of Existing Affordable Housing- IHCDCA will not allow changes to the minimum set-aside or release the current recorded extended use agreement if preserving an existing RHTC project
- 6.2(H): Removed scoring option for greyfield redevelopment
- 6.2(H): If claiming disaster points, documentation from third-party confirming the event must include the date the disaster occurred
- 6.2(N): Internet Access- updated required documentation to provide explanation of how the budgeted cost was calculated
- 6.3(A): Building Certification- added Passive House as an allowable green building certification
- 6.3(C): Location Efficient- added dollar stores to list of businesses that do not qualify as facilities with fresh produce
- 6.3(C): Location Efficient- updated facilities chart to reclassify certain items and to add additional qualifying healthcare facilities
- 6.3(C): Transit-oriented Development- ride share apps and taxi service do not qualify for points
- 6.4(A): Leveraging Capital Resources- clarified that private funds and donated land can count in this scoring category

- 6.4(A): Leveraging Capital Resources- clarified that if claiming a loan with below market interest rate for leveraging points, the lender letter must acknowledge that the rate offered is below its current market interest rate
- 6.4(B): Removed Opportunity Zone scoring category
- 6.4(B): Non-IHCDA Rental Assistance- clarified that a PHA commitment letter for project-based vouchers may be contingent on approval of subsidy layering review
- 6.4(B): Non-IHCDA Rental Assistance- commitment letter for non-IHCDA rental assistance must identify the payment standard used to set rents
- 6.4(D): Census Tract without Active Tax Credit Projects- added definitions for each occupancy type
- 6.4(D): Census Tract without Active Tax Credit Projects- added clarification that Community Integration set-aside developments are considered as age-restricted or family occupancy type
- 6.4(E): Housing Needs Index- Added new one point option for counties in which 25% or more renter households are considered to have at least one severe housing problem per HUD CHAS data
- 6.5(A): Certified Tax Credit Compliance Specialist- removed requirement for proof of renewal
- 6.5(C): Unique Features- clarified that unique features narrative must be a separate document from the general Narrative Summary
- 6.5(D): Tenant Investment Plan- removed the 0.25 point column
- 6.5(E): Integrated Supportive Housing- removed the “but no fewer than seven units” requirements
- 6.5(F): Smoke-free Housing- smoke free plan must prohibit electronic cigarettes and vaping
- 6.5(F): Smoke-free Housing- updated required documents. Now only need to submit a lease addendum that meets all requirements, not a separate plan as well.
- 6.5(G): Community Participation- removed scoring category
- 6.5(G): Reducing the Impact of Eviction- clarified that the management agent affidavit must specifically acknowledge commitment to this scoring category
- 6.5(J): Added penalty points for release through Qualified Contract or foreclosure

Section 7: Miscellaneous

- 7.1: Application Dates- updated dates for 2022
- 7.2: Fees- fees must be paid through the online payment portal
- 7.4: Semi-Annual Progress Reports- removed former progress report requirement and replaced with information on progress inspections
- 7.6: Modifications- clarified the formal written request for modification must be signed by the Applicant, Owner, and Developer if different entities
- 7.6: Modifications- IHCDA will not consider modification requests to change the development site
- 7.13: Ongoing Reporting and Compliance- added as new part. Moved previous references to ongoing compliance and reporting from the threshold section to here. No new requirements.

SCHEDULES

Schedule D1: Private Activity Tax-Exempt Bond Financing Requirements

- Reduced IHCDCA bond issuance fee from 1.0% of total bond issuance to 0.5% of total bond issuance

Schedule E: Procedures for Accessing HOME Funds

- 3.B: HOME Award Limitation- increased Non-CHDO HOME request from \$400,000 to \$500,000 and CHDO HOME request from \$600,000 to \$750,000

Schedule I: Qualified Contract Provision Policy

- B: All items must be submitted in electronic format. IHCDCA will no longer accept hardcopy submissions.
- B: Submission fee increased from \$3500 to \$5000. Fee was last updated in 2014.
- B: Submission fee must be paid online through IHCDCA's online payment portal.
- B: List of required documents updated to match the Notification Letter template and RED Notice 17-52.
- D: New process- Regardless of whether the property is deemed feasible for listing by IHCDCA's contracted broker, IHCDCA will maintain a list of all projects currently going through the Qualified Contract process on its website. All projects will be included on this list for a one-year period starting when IHCDCA receives the Qualified Contract submission. At the end of the one-year period, IHCDCA will remove the project from the list and release the extended use agreement if it has not found a buyer.
- E: Submission fee increased from \$3500 to \$5000 and must be paid through IHCDCA's online payment portal.
- H: Updated exemption policy to match current compliance manual required documentation

Schedule J: Procedures for Accessing Development Fund Loans

- No proposed policy changes. If any clarifications are made to the manual, such changes will be redlined and released along with the 2nd Draft of the 2022 QAP.